

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 EB-11 SCEM-02 SCI-06 INT-08 COME-00 TRSE-00

OMB-01 EA-11 NEA-10 CIEP-02 CEA-02 ACDA-19 AF-10

DRC-01 /186 W

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R 031140Z JAN 74

FM AMEMBASSY OSLO

TO SECSTATE WASHDC 7588

INFO USMISSION NATO

USMISSION OECD PARIS

USMISSION EC BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY STOCKHOLM

S E C R E T OSLO 19

EO 11652: GDS

TAGS: PFOR ENRG US NO

SUBJECT: NORWAY TOYS WITH IDEA OF BRIDGEBUILDING BETWEEN OIL
PRODUCERS AND CONSUMERS

REFS: A) OSLO 4689; B) OSLO 4688; C) OSLO 4672; D) OSLO 4668;

E) OSLO 4634; F) STATE 252272; G) OECD PARIS 32774;

H) STATE 249601

BEGIN SUMMARY. AS NORWAY JOINS THE RANKS OF THE OIL EXPORTING
NATIONS, IT IS LIKELY TO FANCY ITSELF AS BRIDGEBUILDER BETWEEN
THE OIL PROD*ING NATIONS AND THE INDUSTRIALIZED WORLD. ITS ENER-
GETIC AND AMBITIOUS COMMERCE MINISTER, JENS EVENSEN, IS ALREADY
ACTIVELY ENGAGED IN DEVELOPING VARIOUS INITIATIVES FOR TACKLING
THE ENERGY CRISIS. PENDING A FULLER STUDY OF WAYS IN WHICH THE
U.S. MIGHT CHANNEL NORWEGIAN ENTHUSIASM AND EXPERTISE CONSTRUC-
TIVELY, WE MIGHT CONSIDER WHETHER THERE ARE SPECIAL VIEWPOINTS

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WE WOULD LIKE THE NORWEGIANS TO CONVEY IN THE COURSE OF THEIR

INTENDED CONSULTATIONS WITH THE PRODUCING STATES WITH REGARD TO
THE SECRETARY'S PROPOSAL FOR AN ENERGY ACTION GROUP. END SUMMARY

1. WITH VARYING DEGREES OF EUPHORIA, NORWEGIANS IN GENERAL SEE THEIR BURGEONING OIL INDUSTRY AS A PANACEA FOR ALL SORTS OF ECONOMIC AND SOCIAL PROBLEMS, INCLUDING THE PROBLEM OF HOW TO EXPAND THEIR WELFARE SOCIETY WITHOUT RAISING TAXES TO INTOLERABLE LEVELS. THAT THOUGHT IS ALSO BEING GIVEN TO THE FOREIGN POLICY IMPLICATIONS OF THE NEW-FOUND RICHES ON THE CONTINENTAL SHELF IS INDICATED BY COMMENTS BY FOREIGN MINISTER FRYDENLUND IN HIS YEAR-END PRESS INTERVIEW, PUBLISHED DECEMBER 29. REFLECTING THE WELL-KNOWN PENCHANT FOR CASTING NORWAY IN THE ROLE OF BRIDGE-GUILDER, FRYDENLUND SAID THAT NORWAY WILL SOON BE IN A DUAL POSITION: AS AN OIL EXPORTER (A DEVELOPMENT "JUST AROUND THE CORNER") IT WILL HAVE COMMON INTERESTS WITH THE OTHER OIL PRODUCING COUNTRIES, WHILE AS A PART OF THE INDUSTRIALIZED WORLD IT WILL ALSO BE INTERESTED IN SEEING THAT THE INDUSTRIAL NATIONS HAVE STABLE ACCESS TO OIL. THE LATTER WILL REQUIRE COOPERATION BETWEEN THE PRODUCING AND CONSUMING NATIONS, HE SAID, AND IT WILL BE AN IMPORTANT TASK FOR NORWEGIAN FOREIGN POLICY TO CONTRIBUTE TO SUCH COOPERATION.

2. WHETHER WE WELCOME IT OR NOT, WE SUSPECT NORWAY MAY INCREASINGLY COME TO LOOK UPON ITSELF AS A POTENTIAL MIDDLE MAN BETWEEN OPEC AND OECD NATIONS. FRYDENLUND HAS LONG SHOWN A PREOCCUPATION WITH FINDING A MEANINGFUL INTERNATIONAL ROLE FOR SMALL NATIONS SUCH AS NORWAY. HE OFTEN STRESSES THAT ONE OF THE URGENT NEEDS OF DIPLOMACY TODAY IS TO FIND WAYS TO CLOSE THE GAP BETWEEN THE RICH AND THE POOR NATIONS. NORWEGIAN MORALIZING BACKED WITH OIL COULD BE EITHER A CURSE OR A BLESSING FOR US. THE CHALLENGE FOR THE U.S. IS TO FIND WAYS OF CHANNELING THIS MISSIONARY ZEAL IN CONSTRUCTIVE DIRECTIONS.

3. THE EMBASSY HAS RECENTLY SUGGESTED THAT THE DEPARTMENT UNDERTAKE A STUDY OF THE STRATEGIC SIGNIFICANCE OF NORWAY'S EXTENSIVE OIL AND GAS RESERVES (REF C). POLICY RECOMMENDATIONS FOR THE LONGER RANGE WILL DEPEND IN PART ON RESULTS OF THIS STUDY. FOR NOW, WE MIGHT RECALL THAT NORWAY'S POSITIVE RESPONSE TO THE SECRETARY'S PROPOSAL FOR AN ENERGY ACTION GROUP INCLUDES PARTICULAR ENTHUSIASM FOR INVOLVING THE PRODUCING NATIONS FROM THE OUTSET IN
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WORKING OUT A JOINT SOLUTION (CF. REF B), AND THAT FRYDENLUND HAS TOLD THE AMBASSADOR THE NORWEGIANS ARE PLANNING TO CONSULT WITH THE PRODUCING NATIONS WITH REGARD TO THE SECRETARY'S PROPOSAL (REF A). THIS TOO COULD BE A MIXED BLESSING, GIVEN THE FACT THAT NORWAY IS BALKING AT THE IDEA OF ENCOURAGING PRESENT PRODUCERS TO PUMP THE OIL MORE QUICKLY OR OF SPEEDING UP THE EXPLOITATION OF THEIR OWN RESERVES (CF. REFS B AND D).

4. WITHIN THE NORWEGIAN GOVERNMENT, OVER-ALL RESPONSIBILITY FOR MANAGEMENT OF OIL SUPPLY RESTS WITH COMMERCE AND SHIPPING MINISTER JENS EVENSEN. EVENSEN IS AN INTERNATIONAL OIL EXPERT, IS AN ACTIVIST AND EXTREMELY AMBITIOUS, AND HAS MADE FULL USE IN THE ENERGY CRISIS OF THE LEVERAGE PROVIDED NORWAY BY ITS GROWING OIL AND GAS RESERVES. HE HAS ALREADY SOUGHT TO PROMOTE A COMMON SCANDINAVIAN POSITION ON THE ENERGY ACTION GROUP (REF F), OBTAINED OECD ACCEPTANCE OF A NORWEGIAN BUNKERS PROPOSAL (REF G), AND TALKED OIL IN WASHINGTON (REF H), AND MOSCOW. HE MAY BE EXPECTED TO TAKE THE LEAD IN ANY DISCUSSIONS WITH OTHER NATIONS OF OIL SUPPLIES AND PRICES. WE BELIEVE THAT HE WOULD BE RESPONSIVE TO SUGGESTIONS FROM THE U.S. FOR COORDINATED POLICIES, BUT THAT HE WILL NOT HESITATE TO PROCEED ON HIS OWN IN THE ABSENCE OF SUCH COORDINATION.

5. PENDING FULLER CONSIDERATION OF THE IMPLICATIONS, THE U.S. IS PROBABLY NOT PREPARED AT THIS POINT TO GIVE BROAD ENCOURAGEMENT TO THE NORWEGIANS IN THEIR LATENT DESIRE TO SERVE AS HONEST BROKER WITH THE PRODUCING COUNTRIES. AT THE MOMENT, HOWEVER, WE BELIEVE IT WOULD BE USEFUL TO CAPITALIZE ON THEIR COOPERATIVE ATTITUDE TOWARD THE ENERGY ACTION GROUP BY SHARING WITH THEM OUR THOUGHTS ON ITS EVOLUTION AND ANY IDEAS THEY MIGHT USEFULLY PASS ON IN THEIR CONSULTATIONS WITH THE PRODUCERS. WHILE NORWAY HAS NO SPECIAL INFLUENCE WITH THE ARABS, ITS VAST TANKER FLEET AND ITS LONG-STANDING ATTEMPT TO BE IMPARTIAL ON MIDDLE EAST ISSUES (A POSITION DICTATED BY THE DESIRE TO BE ACCEPTABLE TO BOTH SIDES IF AND AS CALLED UPON TO ASSIST IN UNITED NATIONS PEACEKEEPING EFFORTS) SHOULD AT LEAST MEAN THAT THE ARABS MAY LISTEN TO WHAT THE NORWEGIANS HAVE TO SAY.

6. TO THE EXTENT THAT THE DEPARTMENT AGREES THAT NORWAY MIGHT PLAY A USEFUL ROLE IN EFFORTS TO ORGANIZE THE ENERGY ACTION GROUP, OR IN OTHER ASPECTS OF THE OIL CRISIS, WE WOULD WELCOME INSTRUCTIONS FOR KEEPING THE GOVERNMENT FULLY INFORMED OF DEVELOPMENTS AND
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OF OUR OWN PLANNING. BYRNE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SHIPS, CONSERVATION, FUEL OIL, COMMITTEE MEETINGS, TRADE CONTROLS, FUELING SYSTEMS
Control Number: n/a
Copy: SINGLE
Draft Date: 03 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974OSLO00019
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: OSLO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740164/aaaacino.tel
Line Count: 155
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: SECRET
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: SECRET
Previous Handling Restrictions: n/a
Reference: A) OSLO 4689; B) OSLO 4688; C) OSLO, 4672; D) OSLO 4668;
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 03 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 APR 2002 by kelleyw0>; APPROVED <22 APR 2002 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NORWAY TOYS WITH IDEA OF BRIDGEBUILDING BETWEEN OIL PRODUCERS AND CONSUMERS
TAGS: PFOR, ENRG, US, NO
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005